Message Text

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ACTION EA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 INR-07 NSAE-00 PA-01

USIA-06 PRS-01 SP-02 AID-05 COME-00 EB-07 FRB-03

TRSE-00 XMB-02 OPIC-03 CIEP-01 OMB-01 NSC-05 SS-15

STR-04 CEA-01 INT-05 /080 W

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R 180530Z JUN 75 FM AMEMBASSY TOKYO TO AMEMBASSY JAKARTA INFO SECSTATE WASHDC 0959

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E. O. 11652: N/A

TAGS: EMIN, EAID, JA, ID

SUBJ: REPORTED GOJ DECISION ON ASAHAN PROJECT

REF: JAKARTA 7120

1. SERIES OF ARTICLES WITH CONTENT SIMILAR TO THAT REPORTED REFTEL HAVE APPEARED IN JAPANESE PRESS LAST SEVERAL WEEKS. REPORTEDLY, GOJ HAS DECIDED TO PROVIDE LOANS TO COVER ABOUT 80 PERCENT OF PROJECT COST, WHICH NOW ESTIMATED AT 255 BEILLION YEN (876 MILLION DOLLARS AT 291 YEN/DOLLAR). JAPAN'S EXIM BANK WILL REPORTEDLY SUPPORT ALUMINUM SMELTER, OVERSEAS ECONOMIC COOPERATION FUND, HYDROELECTRIC PLANT, AND JAPAN INTERNATIONAL COOPERATION AGENCY, RELATED ROADS AND SOCIAL INFRASTURCTURE. REPORTEDLY, NECESSARY AGREEMENTS ARE TO BE SIGNED ON OCCASION OF MID-JULY VISIT TO JAPAN OF PRESIDENT SUHARTO.

2. OFFICIALS OF SUMITOMO CHEMICAL (LEADER OF JAPANESE CONSORTIUM), INTERNATIONAL TRADE AND INDUSTRY MINISTRY (ON JUNE 12), AND FOREIGN MINISTRY (ON JUNE 16) HAVE ALL DENIED TO EMBASSY THAT DECISIONS RE JAPANESE COMPANIES' PARTICIPATION AND GOJ SUPPORT HAVE YET BEEN REACHED. NEWSPAPER ARTICLES HAVE BEEN CALLED QTE SPECULATIVE UNQ LIMITED OFFICIAL USE

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3. PRESENT VISIT TO JAPAN OF GOI BOARD OF INVESTMENT VICE CHAIR-MAN SUHUDO PROVIDES OPPORTUNITY FOR ADDITIONAL DISCUSSION BETWEEN THE TWO SIDES, AS WILL PRESIDENT SUARTO'S MID-JULY VISIT. LATTER VISIT WOULD OBVIOUSLY PROVIDE FINE OCCASION FOR ANNOUNCEMENT THAT AGR $\mathsf{F}_{\text{-}}$

EMENT HAD BEEN REACHED BY ALL CONCERNED AND PROSPECT OF SUHARTO'S ARRIVAL NO DOUBT INCREASES PRESSURE ON JAPANESE TO COME TO AGREEMENT. EVEN SO, FACT THAT GOJ AND JAPANESE COMPANIES, IN SPITE OF IMPORTANCE ATTACHED BY BOTH TO RELATIONS WITH INDONESIA, HAVE NOT YET BEEN ABLE TO AGREE TO PROCEED INDICATES CONSIDERABLE DIFFICULTIES CONFRONTING JAPANESE SIDE IN ACCOMMODATING INDONESIAN REQUEST, AND THAT DECISION COULD STILL GO EITHER WAY.

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Message Attributes

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Concepts: ALUMINUM, ASAHAN PROJECT, INDUSTRIAL PLANTS, LOAN AGREEMENTS, PRESS COMMENTS

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